



## **FINANCIAL MANAGEMENT POLICY**

***June 2019  
Tracy Jackson***

*Approved by the UTC Board 03/07/2019*

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## **Financial Management Policy**

### **1 Introduction**

The purpose of this policy is to ensure Engineering UTC Northern Lincolnshire maintains and develops systems of financial control which conform to the requirements both of propriety and of good financial management. It is essential that these systems operate properly to meet the requirements of our funding agreement with the Department for Education (DfE).

The UTC must comply with the principles of financial control outlined in the academies guidance published by the Education and Skills Funding Agency (ESFA), primarily the Academies Financial Handbook (AFH). This policy expands on that and provides detailed information on the UTC's accounting procedures and systems.

This policy should be read in conjunction with the following UTC policies and with individual academy financial procedure notes as appropriate.

- Assets & Disposal Policy
- Anti-Fraud, Corruption and Bribery Policy
- Whistle Blowing Policy
- Reserves Policy
- Gifts and Hospitality Policy
- Finance procedure notes
- Staff Code of Conduct
- Best Value Statement
- Expenses Policy

This policy will be regularly reviewed and any must be approved by Trustees.

This policy should be read by all staff involved in financial transactions.

Instances of non-compliance with this policy will be reviewed by the Chief Financial Officer and may be reported to the Trustees

## **2 Financial Responsibilities**

The key financial responsibilities within the UTC are outlined below:

### **The Board of Trustees**

The Board of Trustees/Governing Body has overall responsibility for the administration of the UTC's finances. The Board is responsible for managing the financial affairs to ensure regularity, propriety and value for money, and for ensuring that the UTC's funds are used in accordance with charity law, company law, the funding agreement, and the Academies Financial Handbook. The Trustees are held to account by the Secretary of State, although the Board delegates certain powers to the Accounting Officer.

### **Audit Committee Functions**

The functions of the Finance and Risk Committee are performed by members of the Board of Trustees meeting at least once a term.

To support them in this role the Board has commissioned a programme of internal assurance testing to be carried out by a local audit firm. The Board receives internal assurance reports after audit testing throughout the year.

The responsibilities of the committee are detailed in written terms of reference which have been authorised by the Board of Trustees. Staff employed by the UTC may remain in attendance when audit matters are discussed, but will not participate as members.

### **The Accounting Officer**

The UTC have appointed the Principal as the Accounting Officer. The Accounting Officer has personal responsibility (that cannot be delegated) for assuring the Board that there is compliance with The Academies Financial Handbook, the Funding Agreement and all relevant aspects of company and charitable law.

### **The Chief Financial Officer**

The main responsibilities of the Chief Financial Officer (Chief Financial Officer) are:

- the establishment and operation of a suitable accounting system
- the management of the UTC's financial position at a strategic and operational level within the framework for financial control determined by the Board of Trustees
- implementation and operation of rigorous and robust audits and control
- ensuring that the annual accounts are properly presented and adequately supported by the underlying books and records of the UTC
- ensuring the timely submission of external returns to the ESFA, DFE, HMRC and other stakeholders as required
- the preparation of monthly and annual management accounts

### **Other Staff**

Other staff play a role in providing day to day support to the Chief Financial Officer.

## **Finance Director Support Service**

The Finance Director Support service works in close collaboration with the Chief Financial Officer and the Chief Executive Officer and will support both in completion of their responsibilities as described in this policy.

## **Other Staff**

Other members of staff will have some financial responsibilities. All staff are responsible for the security of UTC property, for avoiding loss or damage, for ensuring economy and efficiency in the use of resources and for conformity with the requirements of the UTC's financial procedures.

## **Register of Interests and Connected Parties**

It is important for anyone involved in spending public money to demonstrate that they do not benefit personally from the decisions they make. To avoid any misunderstanding that might arise, all members, trustees, leadership team and staff with significant financial or spending powers are required to declare any financial interests they have in companies or individuals from whom the UTC MAY purchase goods or services. Close family relationships within the UTC are also declared as per the AFH requirements. The register is open to public inspection and published on the website.

The existence of a register of business interests does not, of course, detract from the duties of Trustees and staff to declare interests whenever they are relevant to matters being discussed at committee and is a standard item on every agenda. Where an interest has been declared, Trustees and staff should not attend that part of any committee or other meeting.

**Connected Party transactions will only be entered into within the restrictions of the AFH and will be subject to prior approval of the Board.**

## **Gifts and Hospitality**

All personal gifts and hospitality other than those with a token value, i.e. below £25 received by Trustees and staff should be declared and recorded. This minimises the risk of staff and Trustees being compromised by expectations of reciprocal benefits.

The Chief Financial Officer, Head of School or Chief Executive Officer should be consulted before any such gifts or offers of hospitality are accepted. Where one of these staff members is involved they must consult one of the other nominated staff.

In line with the Gifts and Hospitality policy, a register of all acceptances and refusals is maintained.

## **Governance Information**

Key information regarding the governance structure must be kept up to date on the DfE 'Get Information About Schools' system and on Companies House. This is the responsibility of the Chief Executive Officer

### **3 Accounting System**

#### **Accounting System**

##### **Key responsibilities of the UTC**

Establish and maintain the accounting system

Determine the financial control procedures

Determine user access rights

Complete control account and reconciliation procedures

Process transactions in line with agreed procedures and authorisation limits

Keep user access accounts secure and not share log-ins.

All the financial transactions of the UTC must be recorded on the finance system, Civica. This system is operated by the Finance Team and consists of:-

- General Ledger, including Journal transactions
- Purchase Ledger
- Sales Ledger
- Fixed Assets

#### **System Access**

Access to Civica is determined by the Chief Financial Officer. The Chief Financial Officer has access to amend the system, set up any controls and to determine appropriate levels of access for users of the system.

User access to Civica is controlled through secure user accounts.

## **Back-up Procedures and Business Continuity**

It is the contractual responsibility of Civica to maintain adequate system back-up and disaster recovery procedures.

The Chief Financial Officer together with the Senior Leadership team will also prepare a Business Continuity Plan in the event of loss of accounting facilities or financial data. This should link in with the annual assessment made of the major risks to which the UTC is exposed and the systems that have been put in place to mitigate those risks.

## **Journal Processing**

All journal entries must be documented on the appropriate journal form, and authorised in accordance with the authorisation limits and procedures. The Chief Financial Officer will approve all journals.

## **Reconciliations**

The Chief Financial Officer is responsible for ensuring the following reconciliations are performed each month, and that any reconciling or balancing amounts are cleared:

- sales ledger control account
- purchase ledger control account
- payroll control account
- all suspense accounts
- bank balance per the nominal ledger to the bank statement

All monthly reconciliations will be prepared by Chief Financial Officer and reviewed, in a timely manner, by the Chief Executive Officer and signed by them as evidence of that review.

## 4 Financial Planning

### Financial Planning

#### Key responsibilities of the UTC

Determine the overall financial strategy for the UTC

Oversight of the UTC Finances

Oversight of compliance with funding agreement and statutory responsibilities

Production of management accounts

Production of annual financial statements

Budget management

Maintenance of accounting records in line with the procedures in this policy

#### Medium term financial plan

The medium term financial plan is prepared as part of the development planning process. The development plan indicates how the UTC's educational and other objectives are going to be achieved within the expected level of resources over the next three years.

The development plan provides the framework for the annual budget. The budget is a detailed statement of the expected resources available to the UTC and the planned use of those resources for the following year. The development planning process and the budgetary process are described in more detail below.

#### Annual Budget

The Chief Financial Officer is responsible for preparing and obtaining approval for the annual budget. The budget must be approved by the full Board.

The Chief Financial Officer is responsible for establishing a timetable which allows sufficient time for the approval process and ensures that ESFA requirements regarding budget returns can be met.

The annual budget will reflect the best estimate of the resources available to the UTC for the forthcoming year and how those resources are to be utilised. There should be a clear link between the development plan objectives and the budgeted utilisation of resources.

The budgetary planning process will incorporate the following elements:

- forecasts of funding depending upon the likely number of pupils and places
- review of other income sources available to the UTC to assess likely level of receipts
- review of past performance against budgets to promote an understanding of the UTC cost base
- identification of potential efficiency savings
- review of the main expenditure headings in light of the development plan objectives and the expected variations in cost e.g. pay increases, inflation and other anticipated changes

### **Balancing the Budget**

Comparison of estimated income and expenditure will identify any potential surplus or shortfall in funding. If shortfalls are identified, opportunities to increase income should be explored and expenditure headings will need to be reviewed for areas where cuts can be made. This may entail prioritising tasks and deferring projects until more funding is available. Plans and budgets will need to be revised until income and expenditure are in balance. If a potential surplus is identified, this may be held back as a contingency or alternatively allocated to areas of need.

### **Reserves**

The UTC will determine the appropriate level of reserves that will be prudent to hold and this will be considered as part of the annual and longer term budget setting. This will be a separate policy document and will be reviewed annually.

### **Finalising the Budget**

Once the different options and scenarios have been considered, a draft budget should be prepared by the Chief Financial Officer and approved by the Principal and then the Board. The budget should be communicated to all staff with responsibility for budget headings so that everyone is aware of the overall budgetary constraints.

### **Budget holders**

It is the responsibility of budget holders to take all reasonable steps to not exceed budget allocations.

### **Monitoring and Review**

Monthly reports will be prepared by the Chief Financial Officer. Termly information, including projected outturn position will be considered by the Trustees.

The monitoring process should be effective and timely in highlighting variances in the budget so that differences can be investigated and action taken where appropriate. If a budget overspend is forecast it may be appropriate to vire money from another budget or from the contingency.

## **Budget Virements**

Virements up to £30,000 between budget headings may be approved by the Finance and Risk Committee and the Principal.

Virements over £30,000 or impacting on reserves must be approved by Trustees.

## **Liabilities and write-offs**

Debt write-offs may be approved for a variety of reasons. The most common reasons include:

- Insufficient legal proof of the debt or liability for the charge
- The likely expense of legal actions exceeds the likely recovery
- The debtor cannot be traced
- The debtor is unable to pay
- The debt represents the outstanding balance after a final dividend has been paid in cases of bankruptcy or insolvency

Any debt write-off will need to be approved by Trustees, with the exception of pupil related debts, which may be written off at the discretion of the Principal, up to the value of £100. A written record of reasons for write off must be maintained.

The UTC may perform the following financial transactions up to the limits set out below:

- writing off debts and losses (including any uncollected fines)
- entering into guarantees, indemnities or letters of comfort (excluding those relating to borrowing by the UTC)

The limits are:

- 1% of total annual income or £45,000 (whichever is smaller) per single transaction
- Cumulatively, 2.5% of total annual income in any one financial year per category of transaction
- Beyond these limits the UTC must seek and obtain explicit and prior approval of the Secretary of State (through the ESFA) to the transaction

## **Novel, contentious and repercussive transactions**

The ESFA defines novel payments as those in which the UTC has no experience or are outside the range of normal business activity for the UTC. Contentious payments are defined as those which might give rise to criticism of the UTC by the public or the media. Repercussive transactions are those which are likely to cause pressure on other trusts to take a similar approach and hence have wider financial implications.

Novel, contentious or repercussive payments must always be referred to the ESFA for explicit prior authorisation. If there is any doubt about the propriety of a payment the UTC must ask the ESFA in advance.

## 5 Payroll

### Payroll

#### Key responsibilities of the UTC

Appoint all Executive and central UTC posts in line with HR policies.

Reconcile payroll control accounts and update Civica.

Check and authorise payroll notifications from the payroll provider.

Appoint all staff in line with HR policies.

Notify payroll amendments to the UTC payroll and HR provider and inform Chief Financial Officer.

Maintain HR files and records.

### Staff Appointments

Head of School has authority to appoint teaching staff (within the authorised establishment / budget for the academy subject to approval of the LGB)

The Chief Executive Officer has authority to appoint central UTC staff and Heads of School subject to the approval of the Trustees. Trustees must appoint the Chief Executive Officer.

Each academy and the central team maintain personnel files for all relevant members of staff. Contracts of employment are held by the HR provider.

### Payroll Administration

All members of staff are paid monthly, on 15<sup>th</sup> of the month (from 1<sup>st</sup> to 31<sup>st</sup>) or nearest working day by BACS transfer.

The UTC payroll processing is administered through a contractual arrangement with an external payroll provider. The payroll provider will also determine monthly payroll timetables for key processing dates, and these will be shared with relevant staff.

The UTC is responsible for notifying the payroll provider of sickness and other absences during the month. New appointments or terminations are completed on a monthly basis and authorised by the Principal before they are passed to the provider for processing.

Claims for overtime, additional hours and supply cover are manually recorded and approved by the signature of Principal.

The payroll provider processes the payroll and sends detailed staffing payment reports for approval in advance. The reports are printed and reviewed by the Chief Financial Officer; all transactions are checked for reasonableness and detailed spot checks are also completed. The reports are then passed to the Principal for review and approval. Both the reviewer and the approver will sign the report to evidence these checks. Approval to pay and any amendments are notified to payroll by the Chief Financial Officer, in preparation for the following payroll run.

The payroll provider should make all payroll payments directly to employees (net pay) and external bodies for statutory and non-statutory deductions made and payments are deducted straight from the UTC bank account. In the event of this failing, a back-up procedure should be in place at the UTC

After the payroll has been processed the nominal ledger will be updated by the UTC finance team. Postings will be made both to the payroll control account and to appropriate cost centres. The Chief Financial Officer should review the payroll control account each month to ensure the correct amount has been posted from the payroll system, individual cost centres have been correctly updated and to identify any amounts posted to the suspense account.

The HR Officer is responsible for updating the HR data base with all personnel and pay related data.

### **Mileage Claims**

Claims for mileage are made on the appropriate form and signed by the employee and approved by the Principal before payment.

NB if employees use their own vehicle for UTC business, they will be required to provide appropriate documentation to ensure that the vehicle:

- is insured for business purposes
- has a current MOT certificate (where applicable)
- Licence

Mileage claims by the Principal should be approved by the Chair of the Board or Chair of the Finance and Risk Committee.

## **Staff Severance Payments**

Non-contractual payments at the end of employment would only be paid if the UTC has concluded that the payment represented the best value for money compared to other options. The business case for such payments would be fully documented and the guidance issued by the ESFA will be followed.

The Chief Executive Officer in conjunction with the Chair of Board may approve non-contractual payments up £50,000; the calculation of payments will be verified by the Chief Financial Officer to ensure compliance with the AFH.

Non-contractual payments over £50,000 require approval in advance from HM Treasury.

## **6 Purchasing**

### **Purchasing**

#### **Key responsibilities of the UTC**

Manage all quotation and tendering procedures

Manage the supplier database

Prepare and manage VAT returns

Process transactions in line with agreed procedures and authorisation limits and the financial standards in this policy

Comply with competitive purchasing requirements

The UTC wants to achieve the best value for money from all its purchases. A large proportion of purchases will be paid for with public funds and they need to maintain the integrity of these funds by following the general principles of:

- Probatity; it must be demonstrable that there is no corruption or private gain involved in the contractual relationships of the UTC
- Accountability; the UTC is publicly accountable for its expenditure and the conduct of its affairs
- Fairness; that all those dealt with by the UTC are dealt with on a fair and equitable basis

### **Routine Purchasing**

Budget holders will be informed of the budget available to them at the start of the academic year. It is the responsibility of the budget holder to manage the budget and to ensure that the funds available are not overspent. Data detailing actual expenditure and committed expenditure (orders placed but not paid for) against budget will be supplied to each budget holder on a regular basis and/or on request.

### **Leasing**

The UTC does not enter into any form of finance lease as a means of purchasing goods,

as this is a form of borrowing. The UTC is not permitted to borrow. The UTC does occasionally enter into operating leases for the rental of equipment. All agreements are carefully reviewed and considered and approved by the Chief Financial Officer.

## **Authorisation Limits**

<b>Up to £9,999</b>	<b>Up to £49,999</b>	<b>Up to £99,000</b>	<b>Over £100,000</b>
Principal and CFO	Principal, CFO and Finance and Risk Committee (or representative)	Principal, CFO and Chair of Governors	2 Members and 2 Governing Body (4 in total)

## **Procurement Process**

Purchases across the UTC must be processed in accordance with the following financial standards:

- Official orders must be created for all purchases other than utility payments, purchasing card transactions, emergency repairs and those purchases controlled by a contract or agreement such as insurance etc.
- Telephone orders only may be placed for supplies by UTC staff with approved suppliers up to a weekly value of £100 - a record of all orders placed will be maintained and this will be cross-checked with delivery notes and invoices.
- All orders must be made, or confirmed, in writing using an official order form produced by Civica. Requisitions must bear the signature of the budget holder and must be forwarded to the office where a check is carried out to ensure adequate budgetary provision exists before placing the order.
- Approved orders, signed as per the above authorisation limits, will be recorded in the purchase order module of Civica which will allocate an order number. Orders will be despatched by email.
- Incoming deliveries will be despatched to departments accordingly and the goods will be checked against the goods received note. Any discrepancies should be recorded and discussed with the supplier without delay.
- If any goods are rejected or returned to the supplier because they are not as ordered or are of sub-standard quality, the academy finance staff should be notified.
- All signed goods received notes and invoices should be sent to the finance staff. Invoices will only be processed for payment if the order and invoice match in terms of value and quantity of goods/services. Any mismatches will be investigated by the Chief Financial Officer.
- Invoices will be authorised as per the above limits and invoices will then be passed to the Chief Financial Officer

On account purchases may be made by the Premises Officer with approved suppliers, and will be subject to prior approval by the Principal.

### **Payments**

A Civica report will be produced listing all individual invoices to be paid. The Chief Financial Officer will review the listing and will complete spot checks back to source documentation. The listing will be signed as evidence of this review.

The process and controls regarding payments are detailed in section 8 of this policy.

### **VAT**

It is the responsibility of the Chief Financial Officer to prepare the UTC VAT return. The Accounting Officer will sign all final VAT returns and submission to HMRC.

### **Supplier Master-file**

Changes to supplier bank account details are carefully controlled, as the UTC is aware that this is an area that is vulnerable to fraud. Supplier details will not be amended until the changes have been verified as being valid.

Each new or amended supplier bank account/payment details will be reviewed by the Chief Financial Officer. The Chief Financial Officer will also generate a Civica supplier audit report to cross-check the manual records

## **Competitive Purchasing Requirements and Limits**

**(The value of purchases is calculated as the value, excluding VAT, for the full duration of the contract including any extensions or options)**

### **Orders up to £3,000**

In purchasing all goods and services, budget holders (currently the Principal) should ensure that they review the use of existing resources and consider the cost, quality, reliability and availability. Fixed prices should be obtained for all purchases before orders are placed. Value for money should be demonstrated and a single written quote should be obtained.

### **Orders over £3,001 but less than £25,000**

Three written quotations should be obtained for all orders between £3,001 and £24,999 to identify the best source of the goods/services. Written details of quotations obtained should be attached to the order placed and available for audit purposes. Telephone quotes are acceptable if these are documented and evidenced and confirmation of quotes has been received before a purchase decision is made.

### **Orders over £25,000 but less than £181,302**

All expenditure over £25,000 must be subject to formal tendering procedures, detailed below, and will be managed by the Chief Financial Officer.

### **EU Procurement Thresholds**

Purchases over £181,302 for supplies and services or £4,551,413 for works contracts (threshold from 1 January 2018) may fall under EU procurement rules which requires advertising in the Official Journal of the European Union. When the UTC is likely to award such contracts further legal guidance should be sought.

## **EU Procurement Thresholds 1<sup>st</sup> Jan 2018-31<sup>st</sup> Dec 2019**

Supplies and Services £181,302

Lighter Touch Services £4,551,413

Works £615,278

Procurement above EU Thresholds must be carried out in accordance with the appropriate ***EU Procurement Directives***, which the UK enforces through the ***Public Contract Regulations 2015***.

In the first instance existing EU compliant framework agreements established by public sector buying organisations will be explored and will be used where appropriate.

For purchases above the threshold a procurement plan identifying the key tasks, responsibilities and authorisation routes must be approved by the Board of Trustees before the procurement commences and progress will be monitored and reported to Trustees throughout the process. Where this is a procurement that is not from an existing framework this process is likely to draw on external procurement, technical and legal advice

### References

<https://www.gov.uk/guidance/transposing-eu-procurement-directives>

<http://www.legislation.gov.uk/uksi/2015/102/contents/made>

## **Tendering Procedures (below EU Thresholds)**

Staff will refer to and follow the additional DfE guidance  
<https://www.gov.uk/guidance/buying-for-schools>

There are three forms of tender procedure: open, restricted and negotiated and the circumstances in which each procedure should be used are described below. The UTC must seek tenders on the most appropriate basis.

- **Open Tender:** This is where all potential suppliers are invited to tender. The budget holder must discuss and agree with the Chief Financial Officer how best to advertise for suppliers e.g. general press, trade journals or to identify all potential suppliers and contact directly if practical.
- **Restricted Tender:** The UTC will normally invite at least four bidders. This is where suppliers are specifically invited to tender. Restricted tenders are appropriate where:
  - there is a need to maintain a balance between the contract value and administrative costs
  - a large number of suppliers would come forward or because the nature of the goods are such that only specific suppliers can be expected to supply the UTC's requirements
  - the costs of publicity and advertising are likely to outweigh the potential benefits of open tendering

## **Preparation for Tender**

Full consideration should be given to:

- objective of project
- overall requirements
- technical skills required
- after sales service requirements
- form of contract

The award criteria which are to be applied in evaluating tenders must be recorded in writing before the tenders are invited and must be stated in the documents sent to suppliers. It may be useful after all requirements have been established to rank requirements (e.g. mandatory, desirable and additional) and award marks to suppliers on fulfilment of these requirements to help reach an overall decision.

## **Invitation to Tender**

If a restricted tender is to be used then an invitation to tender must be issued. If an open tender is used an invitation to tender may be issued in response to an initial enquiry.

An invitation to tender will normally be issued to at least four suppliers, and should include the following:

- introduction/background to the project
- scope and objectives of the project
- technical requirements
- selection criteria
- implementation of the project
- terms and conditions of tender
- form of response

## **Aspects to Consider**

### *Financial*

- Like should be compared with like and if a lower price means a reduced service or lower quality this must be borne in mind when reaching a decision
- Care should be taken to ensure that the tender price is the total price and that there are no hidden or extra costs
- Is there scope for negotiation?

### *Technical/Suitability*

- Qualifications of the contractor
- Relevant experience of the contractor
- Descriptions of technical and service facilities
- Certificates of quality/conformity with standards
- Quality control procedures
- Details of previous sales and references from past customers.

### *Other Considerations*

- Pre sales demonstrations
- After sales service
- Financial status of supplier. Suppliers in financial difficulty may have problems completing contracts and in the provision of after sales service. It may be appropriate to commission a credit report.

### **Tender Acceptance Procedures**

The invitation to tender should state the date and time by which the completed tender document should be received by the UTC. Tenders should be submitted in plain envelopes clearly marked to indicate they contain tender documents or via email to the PA to the Principal and placed in envelopes, stating the date and time received. Tenders received after the submission deadline should not normally be accepted, unless the Chief Financial Officer and Chair of UTC are satisfied that the tender was posted or dispatched on time but that delivery was prevented by an event beyond the control of the tenderer and that other tenders have not been opened.

### **Tender Opening Procedures**

All tenders submitted should be opened at the same time and the tender details should be recorded. Tenders should be opened in the presence of the Principal/Chief Financial Officer/Chair of Governors (any two).

### **Tendering Evaluation Procedures**

The evaluation process should involve at least two people. Those involved should disclose all interests, business and otherwise, that might impact upon their objectivity. If there is a potential conflict of interest then that person must withdraw from the tendering process.

Those involved in making a decision must take care not to accept gifts or hospitality from potential suppliers that could compromise or be seen to compromise their independence.

Full records should be kept of all criteria used for evaluation for contracts and a report should be prepared for members of the Board highlighting the relevant issues and recommending a decision. If time is critical, a Board member can attend the tender evaluation process and make a decision on behalf of the Board.

The accepted tender should be the one that is economically most advantageous to the UTC. All parties should then be informed of the decision.

### **Non-competitive tenders (applies to purchases under EU threshold only)**

Instances of purchases that do not comply with the competitive purchasing requirements, for reasons such as sole supplier, specialist services etc. will require documenting and

reporting for approval through the appropriate route depending on the value of the contract.

## 7 Income

### Income

#### Key responsibilities of the UTC

Determine the financial control procedures

Determine accounting treatment

Process and reconcile income transactions

To receive and bank income in line with agreed procedures and meet the financial standards in this policy.

The main sources of income for the UTC are funding from the ESFA and local authorities. The receipt of these sums is monitored by the Chief Financial Officer.

Bids for capital and other additional funding are subject to the approval of the Chief Executive Officer and significant bids will be highlighted in advance with Trustees.

The UTC and individual academies also obtain income from:

- students, mainly for trips and meals and activities and school uniforms
- the public, mainly for lettings

#### Residential Trips

The UTC must establish procedures to deal with income from trips. These procedures must ensure that:

- A lead teacher is responsible for each trip
- A record of students on each trip and payments made is maintained
- An official receipt is given for all payments received
- Any trips do not make a profit and pupils should not be disadvantaged by a lack of ability to pay

#### Lettings & Hire of Facilities

The UTC must establish procedures to deal with income from lettings. These procedures must ensure that;

- Adequate records are maintained of all bookings made
- Payment should be made in advance wherever possible
- Sales Ledger accounts are raised through Civica
- Debts will be monitored and promptly chased up
- Approval to write off debts must be obtained from Trustees

### **School Meals**

The UTC must establish procedures to deal with income from meals. These procedures must ensure that;

- Payments are adequately monitored and debts chased up
- Debts up to £100 can be written off at the discretion of the Principal
- Income is reconciled against the number of meals provided including the hospitality meals provided and approved
- Each reconciliation must be documented and signed

### **Other Sales - School Uniforms etc**

The UTC must establish procedures to deal with income received. These must ensure that

- Records of stock held are maintained
- Stock is periodically counted and checked
- Income is reconciled against sales and stock records

### **Custody and Banking – General**

The UTC must establish procedures to deal with income banking. These procedures must ensure that:

- All cash and cheques must be kept in the safe prior to banking
- Safe key holders are identified and keys are held securely held
- Banking should take place weekly or more frequently if the sums collected exceed the RPA safe limit of £10,000
- Monies are collected through an externally provided secure collection service
- Monies collected must be banked in their entirety in the appropriate bank account
- Two members of staff must verify each banking
- Bankings must be reconciled to source records of income received

### **Income Reconciliation**

The UTC finance team is responsible for preparing reconciliations between the sums collected, the sums deposited at the bank and the sums posted to the accounting system. The reconciliations must be prepared promptly, after each banking.

## **8 Cash Management**

### **Cash Management**

#### **Key responsibilities of the UTC**

Determine the financial control procedures

Manage cash deposits and investments in line with the policy

Reconcile bank accounts

Process payments through on-line banking

Monitor the UTC cash flow

Operate cash and bank procedures in line with this policy

## **Bank Accounts**

The opening of all accounts must be authorised by the Board of Trustees, via the Chief Financial Officer, who must set out the arrangements covering the operation of accounts, including any transfers between accounts and cheque signing arrangements. The operation of systems such as Bankers Automatic Clearing System (BACS) and other means of electronic transfer of funds must also be subject to the same level of control.

## **Deposits**

Particulars of any deposit must be entered on a copy paying-in slip, counterfoil or listed in a supporting book. The details should include:

- the amount of the deposit
- a reference, such as the number of the receipt or the name of the debtor

## **Payments and withdrawals**

Cheques from UTC bank accounts must bear the signatures of two of the following authorised signatories:

Principal  
Chief Financial Officer  
Chair of Trustees

## **On-Line Banking System**

Access to the system is controlled via user accounts, passwords and smartcards. It is the responsibility of each individual to maintain security of their passwords and cards.

All payments made via online banking must be approved as per the authorisation limits. The following staff are approved to upload payment schedules and authorise payments on the system:

- Chief Executive Officer
- Chief Financial Officer
- Chair of Trustees
- PA to the Principal

At least two of the above are required to generate a payment. One user must generate the payment and one must authorise, one user cannot perform both actions.

## **Bank Reconciliation**

The Chief Financial Officer must ensure bank statements are received regularly and that reconciliations are performed at least on a monthly basis. Reconciliation procedures must ensure that:

- all bank accounts are reconciled to Civica
- adjustments arising are dealt with promptly
- The reconciliation statements will be prepared and signed by the Chief Financial Officer

## **Petty Cash - approved procedures**

The UTC has established procedures to deal with petty cash. These procedures must ensure that:

- Petty cash must be locked in a locked secure tin and held in the safe where possible or locked filing cabinet
- VAT receipts supporting payments from petty cash are submitted to the finance office to enable the appropriate nominal code to be charged
- Petty cash is reconciled and reimbursed regularly
- Staff will sign on receipt of funds

## **Credit Cards**

Principal: £1500 limit

Chief Financial Officer: £2500 limit

New credit cards must be approved by the Chief Financial Officer and the Principal.

The UTC has established procedures to deal with debit and credit cards. These procedures ensure that:

- Cards are stored safely
- Requests for new cards are made through the Chief Financial Officer

- Cards are only used for academy business
- Cards are held securely by card holders, PINs kept secure not shared etc.
- Supporting documentation is held for all transactions
- Statements must be approved by either the Chief Financial Officer or the Accounting Officer (the Chair of Trust will approve the Accounting Officers statement).
- Records of the reconciliation and approval are maintained

### **Cash Flow Forecasts**

The Chief Financial Officer is responsible for the completion of monthly cash flow forecasts to ensure that the UTC has sufficient funds available to pay for day to day operations. If significant balances can be foreseen, steps should be taken to invest the extra funds. Similarly plans should be made to transfer funds from another bank account or to re-profile income and expenditure to cover potential cash shortages.

### **Investments and Cash Deposits**

Low Risk Investments and deposits must be made only in accordance with written procedures approved by the Board of Trustees (see Treasury Management policy).

## 9 Fixed assets

### Fixed Assets

#### Key responsibilities of the UTC

Determine the financial control procedures

Determine accounting treatment

Maintain adequate security over assets as per the policy

Maintain asset register and inventory lists

Perform asset checks

See also the Assets and Disposal Policy, as adopted by the Board of Trustees for more detailed procedures

### Asset register

All items purchased with a value over the UTC's capitalisation limit must be entered in the asset register on Civica.

The Asset Register helps:

- ensure that staff take responsibility for the safe custody of assets
- enable independent checks on the safe custody of assets, as a deterrent against theft or misuse
- to manage the effective utilisation of assets and to plan for their replacement
- the external auditors to draw conclusions on the annual accounts and the UTC's financial system
- to support insurance claims in the event of fire, theft, vandalism or other disasters

### Inventory of Assets

In addition, a record of all material (over £100) non-capitalised, attractive, portable assets will be maintained and security controls operated in order to safeguard the UTC's property.

### Security of assets

All fixed assets are to be recorded. The asset register is to be kept up to date and reviewed regularly. Items used by the UTC but not owned by the UTC should be recorded as such. Physical counts against the register are undertaken annually at or about the end of the financial year. This count is to be performed by someone other than the person responsible for the asset register. Differences between counts and the register are investigated promptly and significant differences are reported to the Board. Stores and equipment are secured by means of physical and other security devices. Only authorised personnel may access secure storage areas.

### Disposals

All requests for disposal must be submitted to the Chief Financial Officer for review and

then approved by the Principal or Board, in line with the Assets and Disposal Policy. The best possible value must be obtained in the disposal of assets.

Acceptable methods of disposal are detailed in the Assets and Disposal Policy.

### **Disposal Limits**

Disposal of land and buildings must be agreed in advance with the Secretary of State.

### **Loan of Assets**

Items of UTC property must not be removed from the premises without the authority of a member of the individual academies' senior leadership team. A record of the loan must be recorded in a loan book and booked back in when it is returned.

If assets are on loan for extended periods or to a single member of staff on a regular basis the situation may give rise to a 'benefit-in-kind' for taxation purposes. Loans should therefore be kept under review and any potential benefits discussed with the UTC's auditors.